

Taxation

Report from the project team

In May 1982 a project team was formed to assemble and develop arguments that could help NMA's in their interaction with government and/or other authorities, opinion leaders etc. in connection with the problems arising from taxation.

The team, consisting of Dr. H. Wieckmann (Reemtsma), Mr. I. Sargeant (Philip Morris) and Mr. R. Wartena (RI), has been working on a paper which is divided in three parts.

- Part 1. The arguments
- Part 2. References, quotable material etc.
- Part 3. Case histories.

For the last two parts Mr. R. Corradini of Infotab recently joined the team.

The intention is to give NMA's and others a paper, in modular format, which could help them in preparing for action on taxation problems.

Time table :

- The last two weeks of March : discussion of the arguments etc. with all Infotab member companies as well as with some NMA's.
- April 12, 1983 : verbal presentation to Infotab board about the project.
- End May 1983 : completion of the paper.

14.3.1983
R. Wartena

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Taxation

Outline of a paper on excessive taxation (provisional headings)

Part one

Chapter 1 Introduction

- 1.1. General
 - 1.1.1. Principal concerns of the industry
 - 1.1.2. Objectives of this paper
 - 1.1.3. Definition of "excessive taxation" (symptoms)
 - 1.1.4. Reservations about this paper
- 1.2. Preparation for discussions
 - 1.2.1. General
 - 1.2.2. Data required
 - 1.2.3. Groups (different pressure groups)

Chapter 2 Social aspects of excessive taxation

- 2.1. General
 - 2.1.1. Consumer profiles
 - 2.1.2. The value to the consumer
 - 2.1.3. Tax incidence
 - 2.1.4. Conclusion
- 2.2. Degrees of social importance
 - 2.2.1. Characteristics of a free society
 - 2.2.2. The function of taxation
- 2.3. Limitation of consumption
- 2.4. Conclusions

Chapter 3 Economic considerations and aspects of excessive taxation

- 3.1. General
- 3.2. Price elasticity of demand
- 3.3. The effects of increased taxation on consumer welfare
- 3.4. Effects of excessive taxation on the industry and its direct tax contribution
- 3.5. The effects on the leaf growing sector
- 3.6. The balance of trade and exchange rates
- 3.7. Taxes and inflation

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- 3.7.1. Tobacco goods and RPI (retail price index)
 - 3.7.2. Form of taxation
 - 3.7.3. National budgets and government policy on inflation
 - 3.8. Retaining tobacco as a revenue source
 - 3.9. Impact on employment levels
- Appendix to chapters
- 1. "Efficient" taxation
 - 2. Consumer welfare
 - 3. Revenue maximization for government

Chapter 4 Health considerations

- 4.1. General
- 4.2. Responses
 - 4.2.1. Increased taxation, drop in consumption
 - 4.2.2. Increased taxation, drop in certain diseases
 - 4.2.3. Increased taxation justified because it causes certain diseases
- 4.3. Conclusion

Part two

References. Articles, reports, studies etc.

Part three

Case histories.

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